

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re: [CASE NAME] KINSLEY RESOURCES INC.

Case No. 12-51217

**CHAPTER 11
MONTHLY OPERATING REPORT
(GENERAL BUSINESS CASE)**

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: Feb-14PETITION DATE: 04/24/13

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).
Dollars reported in \$1

	End of Current Month	End of Prior Month	As of Petition Filing
2. Asset and Liability Structure			
a. Current Assets	\$106,443,310	\$106,443,310	
b. Total Assets	\$106,443,310	\$106,443,310	\$106,383,158
c. Current Liabilities	\$135,897	\$13,277,004	
d. Total Liabilities	\$13,277,004	\$13,274,504	\$13,281,004
3. Statement of Cash Receipts & Disbursements for Month	Current Month	Prior Month	Cumulative (Case to Date)
a. Total Receipts	\$1,500	\$221	\$6,591
b. Total Disbursements	\$1,485	\$249	\$6,533
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	\$15	(\$28)	\$49
d. Cash Balance Beginning of Month	\$37	\$75	\$37
e. Cash Balance End of Month (c + d)	\$46	\$37	\$46
4. Profit/(Loss) from the Statement of Operations	Current Month	Prior Month	Cumulative (Case to Date)
5. Account Receivables (Pre and Post Petition)	\$0	\$0	\$0
6. Post-Petition Liabilities	\$0	\$4,500	
7. Past Due Post-Petition Account Payables (over 30 days)	\$135,897	\$133,397	

At the end of this reporting month:

- | | Yes | No |
|--|-----|----|
| 8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee) | | X |
| 9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee) | | X |
| 10. If the answer is yes to 8 or 9, were all such payments approved by the court? | | X |
| 11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee) | | X |
| 12. Is the estate insured for replacement cost of assets and for general liability? | | X |
| 13. Are a plan and disclosure statement on file? | | X |
| 14. Was there any post-petition borrowing during this reporting period? | | X |
15. Check if paid: Post-petition taxes ; U.S. Trustee Quarterly Fees x; Check if filing is current for: Post-petition tax reporting and tax returns: .
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 3/7/2014 0:00

Bruce C. Anderson
Responsible Individual Bruce C. Anderson

STATEMENT OF OPERATIONS

(General Business Case)

For the Month Ended 02/28/14

Current Month				Cumulative (Case to Date)	Next Month Forecast
Actual	Forecast	Variance			
		\$0	Revenues:		
		\$0	1 Gross Sales		
		\$0	2 less: Sales Returns & Allowances		
\$0	\$0	\$0	3 Net Sales	\$0	\$0
\$0		\$0	4 less: Cost of Goods Sold (Schedule 'B')		
\$0	\$0	\$0	5 Gross Profit	\$0	\$0
		\$0	6 Interest		
		\$0	7 Other Income:		
		\$0	8 Shareholder deposits	\$1,500	
		\$0	9		
\$0	\$0	\$0	10 Total Revenues	\$1,500	\$0
		\$0	Expenses:		
		\$0	11 Compensation to Owner(s)/Officer(s)		
		\$0	12 Salaries		
		\$0	13 Commissions		
		\$0	14 Contract Labor		
		\$0	Rent/Lease:		
		\$0	15 Personal Property		
		\$0	16 Real Property		
		\$0	17 Insurance		
		\$0	18 Management Fees		
		\$0	19 Depreciation		
		\$0	Taxes:		
		\$0	20 Employer Payroll Taxes		
		\$0	21 Real Property Taxes		
		\$0	22 Other Taxes		
		\$0	23 Other Selling		
		\$0	24 Other Administrative		
		\$0	25 Interest		
		\$0	26 Other Expenses:		
		\$0	27		
		\$0	28 Trip - Carson City - BK hearing	\$1,450	
		\$0	29		
		\$0	30 YouSendIt acct	\$10	
		\$0	31 Yahoo acct	\$10	
		\$0	32 Gas	\$5	
		\$0	33 AOL Service	\$10	
		\$0	34		
\$0	\$0	\$0	35 Total Expenses	\$1,485	\$0
\$0	\$0	\$0	36 Subtotal	\$15	\$0
		\$0	Reorganization Items:		
		\$0	37 Professional Fees		
		\$0	38 Provisions for Rejected Executory Contracts		
		\$0	39 Interest Earned on Accumulated Cash from Resulting Chp 11 Case		
		\$0	40 Gain or (Loss) from Sale of Equipment		
		\$0	41 U.S. Trustee Quarterly Fees		
		\$0	42		
\$0	\$0	\$0	43 Total Reorganization Items	\$0	\$0
\$0	\$0	\$0	44 Net Profit (Loss) Before Federal & State Taxes	\$15	\$0
		\$0	45 Federal & State Income Taxes		
\$0	\$0	\$0	46 Net Profit (Loss)	\$15	\$0

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

BALANCE SHEET
(General Business Case)
For the Month Ended 02/28/14

Assets**Current Assets****From Schedules****Market Value**

1	Cash and cash equivalents - unrestricted		\$46
2	Cash and cash equivalents - restricted		\$0
3	Accounts receivable (net)	A	\$0
4	Inventory	B	\$0
5	Prepaid expenses		
6	Professional retainers		
7	Other: _____		
8	_____		
9	Total Current Assets		\$46

Property and Equipment (Market Value)

10	Real property	From Schedule A	C	\$11,914,541
11	Machinery and equipment		D	\$0
12	Furniture and fixtures		D	\$0
13	Office equipment		D	\$0
14	Leasehold improvements		D	\$0
15	Vehicles		D	\$0
16	Other: _____		D	
17	_____		D	
18	_____		D	
19	_____		D	
20	_____		D	
21	Total Property and Equipment			\$11,914,541

Other Assets

22	Loans to shareholders		\$60,919
23	Loans to affiliates		
24	Other: From Schedule B Personal Property		
25	Mining Claims		\$94,467,617
26	Evaluation Report by Quantum GeoConsultants 2010		
27	_____		
28	Total Other Assets		\$94,528,536
29	Total Assets		\$106,443,123

NOTE:

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

Liabilities and Equity
(General Business Case)

Liabilities From Schedules

Post-Petition

Current Liabilities

30	Salaries and wages		\$0
31	Payroll taxes		\$0
32	Real and personal property taxes		\$0
33	Income taxes		\$0
34	Sales taxes		\$0
35	Notes payable (short term)		\$0
36	Accounts payable (trade)	A	\$135,897
37	Real property lease arrearage		\$0
38	Personal property lease arrearage		\$0
39	Accrued professional fees		\$0
40	Current portion of long-term post-petition debt (due within 12 months)		\$0
41	Other:		
42			
43			
44	Total Current Liabilities		\$135,897

Long-Term Post-Petition Debt, Net of Current Portion

45			
46	Total Post-Petition Liabilities		\$135,897

Pre-Petition Liabilities (allowed amount)

47	Secured claims	F	\$6,217,319
48	Priority unsecured claims	F	\$6,923,788
49	General unsecured claims	F	\$0
50	Total Pre-Petition Liabilities		\$13,141,107
51	Total Liabilities		\$13,277,004

Equity (Deficit)

52	Retained Earnings/(Deficit) at time of filing		\$0
53	Capital Stock		\$0
54	Additional paid-in capital		\$0
55	Cumulative profit/(loss) since filing of case		\$0
56	Post-petition contributions/(distributions) or (draws)		\$0
57			\$0
58	Market value adjustment		\$0
59	Total Equity (Deficit)		\$0
60	Total Liabilities and Equity (Deficit)		\$13,277,004

SCHEDULES TO THE BALANCE SHEET
(General Business Case)

Schedule A

Accounts Receivable and (Net) Payable

Receivables and Payables Agings	Accounts Receivable [Pre and Post Petition]	Accounts Payable [Post Petition]	Past Due Post Petition Debt
0 -30 Days	\$0	\$2,500	
31-60 Days	\$0	\$26,000	
61-90 Days	\$0	\$107,397	
91+ Days	\$0	\$0	\$133,397
Total accounts receivable/payable	\$0	\$135,897	
Allowance for doubtful accounts	\$0		
Accounts receivable (net)	\$0		

Schedule B

Inventory/Cost of Goods Sold

Types and Amount of Inventory(ies)	Inventory(ies) Balance at End of Month	Cost of Goods Sold	
		Inventory Beginning of Month	
		Add -	
Retail/Restaurants -		Net purchase	
Product for resale		Direct labor	
		Manufacturing overhead	
Distribution -		Freight in	
Products for resale		Other:	
Manufacturer -			
Raw Materials		Less -	
Work-in-progress		Inventory End of Month	
Finished goods		Shrinkage	
		Personal Use	
Other - Explain			
TOTAL	\$0	Cost of Goods Sold	\$0

Method of Inventory Control

Do you have a functioning perpetual inventory system?

Yes ☐ No ☐

How often do you take a complete physical inventory?

Weekly ☐
Monthly ☐
Quarterly ☐
Semi-annually ☐
Annually ☐

Date of last physical inventory was

Date of next physical inventory is

Inventory Valuation Methods

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost ☐
LIFO cost ☐
Lower of cost or market ☐
Retail method ☐
Other ☐
Explain

Schedule C
Real Property

Description	<u>Cost</u>	<u>Market Value</u>
4 Patented Mining Claims in White Pine Co. NV 103 acres Part of \$7 million purchase of 60 total claims.	\$464,000	\$632,541
Water Well and Permit 52895	\$60,000	\$3,682,000
Water Rights Appropriation Permit 80589	\$10,000	\$3,300,000
Water Rights Appropriation Permit 80590	\$10,000	\$3,300,000
Water Rights Appropriation Permit 80591	\$10,000	\$1,000,000
Total	\$554,000	\$11,914,541

Schedule D
Other Depreciable Assets

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Total	\$0	\$0
Furniture & Fixtures -		
Total	\$0	\$0
Office Equipment -		
Total	\$0	\$0
Leasehold Improvements -		
Total	\$0	\$0
Vehicles -		
Total	\$0	\$0

Schedule E
Aging of Post-Petition Taxes
(As of End of the Current Reporting Period)

Taxes Payable	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
Federal					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
Total Federal Taxes	\$0	\$0	\$0	\$0	\$0
State and Local					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
Total State & Local Taxes	\$0	\$0	\$0	\$0	\$0
Total Taxes	\$0	\$0	\$0	\$0	\$0

Schedule F
Pre-Petition Liabilities

List Total Claims For Each Classification -	Claimed Amount	Allowed Amount (b)
Secured claims (a)	\$6,217,319	
Priority claims other than taxes	\$6,923,788	
Priority tax claims	\$0	
General unsecured claims	\$0	

- (a) List total amount of claims even if under secured.
- (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

Schedule G
Rental Income Information
Not applicable to General Business Cases

Schedule H
Recapitulation of Funds Held at End of Month

	Account 1	Account 2	Account 3	Account 4
Bank	JP Morgan Chase	JP Morgan Chase		
Account Type	DIP Checking	Bus Checking		
Account No.	3821	18761		
Account Purpose	DIP	General Bus		
Balance, End of Month	\$0	\$46		
Total Funds on Hand for all Accounts	\$46			

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.



JPMorgan Chase Bank, N.A.
P O Box 659754
San Antonio, TX 78265 - 9754

February 01, 2014 through February 28, 2014

Account Number: 8761

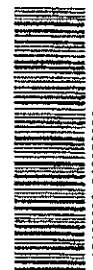


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KINSLEY RESOURCES INC
237 KENSINGTON PARK
IRVINE CA 92606-1902

CUSTOMER SERVICE INFORMATION

Web site:	Chase.com
Service Center:	1-800-242-7338
Deaf and Hard of Hearing:	1-800-242-7383
Para Espanol:	1-888-622-4273
International Calls:	1-713-262-1679



CHECKING SUMMARY

Chase BusinessClassic

	INSTANCES	AMOUNT
Beginning Balance		\$30.24
Deposits and Additions	1	1,500.00
ATM & Debit Card Withdrawals	5	- 34.73
Fees and Other Withdrawals	1	- 1,450.00
Ending Balance	7	\$45.51

Your monthly service fee was waived because you had at least 5 debit card purchases during the statement period.

DEPOSITS AND ADDITIONS

DATE	DESCRIPTION	AMOUNT
02/21	Deposit 1302196143	\$1,500.00
Total Deposits and Additlons		\$1,500.00

ATM & DEBIT CARD WITHDRAWALS

DATE	DESCRIPTION	AMOUNT
02/04	Recurring Card Purchase 02/03 Hightail 408-4296482 CA Card 3257	\$9.99
02/04	Recurring Card Purchase 02/04 Yahoo *Kinsleyresour 408-916-2149 CA Card 3257	9.95
02/12	Card Purchase With Pin 02/12 Arco Paypoint Gardnerville NV Card 3257	2.44
02/12	Card Purchase With Pin 02/12 Arco Paypoint Gardnerville NV Card 3257	2.36
02/26	Recurring Card Purchase 02/25 Aol* Service 800-827-6364 NY Card 3257	9.99
Total ATM & Debit Card Withdrawals		\$34.73

ATM & DEBIT CARD SUMMARY

Bruce C Anderson Card 3257



February 01, 2014 through February 28, 2014

Account Number: 8761

Total ATM Withdrawals & Debits	\$0.00
Total Card Purchases	\$34.73
Total Card Deposits & Credits	\$0.00

ATM & Debit Card Totals

Total ATM Withdrawals & Debits	\$0.00
Total Card Purchases	\$34.73
Total Card Deposits & Credits	\$0.00

FEES AND OTHER WITHDRAWALS

DATE	DESCRIPTION	AMOUNT
02/21	02/21 Withdrawal	\$1,450.00
Total Fees & Other Withdrawals		\$1,450.00

DAILY ENDING BALANCE

DATE	AMOUNT
02/04	\$10.30
02/12	5.50
02/21	55.50
02/26	45.51

SERVICE CHARGE SUMMARY

TRANSACTIONS FOR SERVICE FEE CALCULATION	NUMBER OF TRANSACTIONS
Checks Paid / Debits	6
Deposits / Credits	1
Deposited Items	0
Transaction Total	7

SERVICE FEE CALCULATION	AMOUNT
Service Fee	\$0.00
Service Fee Credit	\$0.00
Net Service Fee	\$0.00
Excessive Transaction Fees (Above 0)	\$0.00
Total Service Fees	\$0.00



February 01, 2014 through February 28, 2014
Account Number: 8761

BALANCING YOUR CHECKBOOK

Note: Ensure your checkbook register is up to date with all transactions to date whether they are included on your statement or not.

1. Write in the Ending Balance shown on this statement: Step 1 Balance: \$ _____

2. List and total all deposits & additions not shown on this statement:

Date	Amount	Date	Amount	Date	Amount

Step 2 Total: \$ _____

3. Add Step 2 Total to Step 1 Balance.

Step 3 Total: \$ _____

4. List and total all checks, ATM withdrawals, debit card purchases and other withdrawals not shown on this statement.

Check Number or Date	Amount	Check Number or Date	Amount

Step 4 Total: -\$ _____

5. Subtract Step 4 Total from Step 3 Total. This should match your Checkbook Balance: \$ _____

IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC FUNDS TRANSFERS: Call or write us at the phone number or address on the front of this statement (non-personal accounts contact Customer Service) if you think your statement or receipt is incorrect or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent you the FIRST statement on which the problem or error appeared. Be prepared to give us the following information:

- Your name and account number
- The dollar amount of the suspected error
- A description of the error or transfer you are unsure of, why you believe it is an error, or why you need more information.

We will investigate your complaint and will correct any error promptly. If we take more than 10 business days (or 20 business days for new accounts) to do this, we will credit your account for the amount you think is in error so that you will have use of the money during the time it takes us to complete our investigation.

IN CASE OF ERRORS OR QUESTIONS ABOUT NON-ELECTRONIC TRANSACTIONS: Contact the bank immediately if your statement is incorrect or if you need more information about any non-electronic transactions (checks or deposits) on this statement. If any such error appears, you must notify the bank in writing no later than 30 days after the statement was made available to you. For more complete details, see the Account Rules and Regulations or other applicable account agreement that governs your account.



JPMorgan Chase Bank, N.A. Member FDIC





February 01, 2014 through February 28, 2014

Account Number: **8761**

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CHASE ACCT: 8761

Debit Card	Teller Withdrawal	Automatic Deposit	Automatic Payment	Online Bill Pay	Online or Phone Transfer
DATE OF DEBIT	DATE	TRANSACTION DESCRIPTION	AMOUNT	CHECK	DEBIT
					\$ 10.23
1/25		Deposit - Bruce A	30.00		
			40.23		
1/25		Debit - AOL service	9.99		
			30.24		
2/4/14		Debit - Hightail	9.99		
			20.25		
2/4/14		Debit - Yahoo	9.95		
			10.30		
2/12		Debit - Arco - gas	2.36		
		Gardnerville NV	7.94		
2/12		Debit - Arco - gas	2.44		
		Gardnerville NV	5.50		
2/12/2014		Deposit - Paul DePoo	1500.00		
			1505.50		
2/21		Cash - Bruce A	1450.00		
		trip to Carson City - BK hearing	55.50		
2/7		Debit - AOL service	9.99		
			45.51		
3/4		Debit - Hightail	9.99		
			35.52		
3/4		Debit - Yahoo	9.95		
			25.57		
3/16		Deposit - Bruce A	325.00		
			350.57		

First Prev Next Last

1

100%

J.P.Morgan

Cash Reporting -- Summary View

Date Range: 01/01/2014 - 03/06/2014

** Informational Purposes Only **

Amount Range: All Amounts

Includes Credits and Debits for: All Transaction Types

Bank: JPMorgan Chase Bank, N.A. (UT) Currency: US Dollar

Account Number: 3821

Account Name: KINSLEY RESOURCES INC

Balances

Opening Balance 01/21/2014

153.63-

Closing Balance 03/05/2014

474.42-

Date	Your Ref Number	Bank Ref Number	Description	Credits	Debits
01/23/2014	1293865525	9290081797	DEPOSIT	160.00	
02/18/2014			SERVICE FEE		480.79

D/P ACCT 3821 CLOSED.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 02/28/14

		Actual Current Month	Cumulative (Case to Date)
Cash Receipts			
1	Rent/Leases Collected	\$0	\$0
2	Cash Received from Sales	\$0	\$0
3	Interest Received	\$0	\$0
4	Borrowings	\$0	\$0
5	Funds from Shareholders, Partners, or Other Insiders	\$1,500	\$6,591
6	Capital Contributions	\$0	\$0
7			
8			
9			
10			
11			
12	Total Cash Receipts	\$1,500	\$6,591
Cash Disbursements			
13	Payments for Inventory	\$0	\$0
14	Selling	\$0	\$0
15	Administrative	\$0	\$0
16	Capital Expenditures	\$0	\$0
17	Principal Payments on Debt	\$0	\$0
18	Interest Paid	\$0	\$0
	Rent/Lease:		
19	Personal Property	\$0	\$0
20	Real Property	\$0	\$0
	Amount Paid to Owner(s)/Officer(s)		
21	Salaries	\$0	\$0
22	Draws	\$0	\$0
23	Commissions/Royalties	\$0	\$0
24	Expense Reimbursements	\$0	\$0
25	Other	\$0	\$0
26	Salaries/Commissions (less employee withholding)	\$0	\$0
27	Management Fees	\$0	\$0
	Taxes:		
28	Employee Withholding	\$0	\$0
29	Employer Payroll Taxes	\$0	\$0
30	Real Property Taxes	\$0	\$0
31	Other Taxes	\$0	\$0
32	Other Cash Outflows:	\$0	
33			
34			
35			
36			
37			
38	Total Cash Disbursements:	\$0	\$0
39	Net Increase (Decrease) in Cash	\$1,500	\$6,591
40	Cash Balance, Beginning of Period		
41	Cash Balance, End of Period	\$1,500	\$6,591

STATEMENT OF CASH FLOWS
 (Optional) Increase/(Decrease) in Cash and Cash Equivalents
 For the Month Ended 02/28/14

	Actual Current Month	Cumulative (Case to Date)
Cash Flows From Operating Activities		
1 Cash Received from Sales		
2 Rent/Leases Collected		
3 Interest Received		
4 Cash Paid to Suppliers		
5 Cash Paid for Selling Expenses		
6 Cash Paid for Administrative Expenses		
Cash Paid for Rents/Leases:		
7 Personal Property		
8 Real Property		
9 Cash Paid for Interest		
10 Cash Paid for Net Payroll and Benefits		
Cash Paid to Owner(s)/Officer(s)		
11 Salaries		
12 Draws		
13 Commissions/Royalties		
14 Expense Reimbursements		
15 Other		
Cash Paid for Taxes Paid/Deposited to Tax Acct.		
16 Employer Payroll Tax		
17 Employee Withholdings		
18 Real Property Taxes		
19 Other Taxes		
20 Cash Paid for General Expenses		
21		
22		
23		
24		
25		
26		
27 Net Cash Provided (Used) by Operating Activities before Reorganization Items	\$0	\$0
Cash Flows From Reorganization Items		
28 Interest Received on Cash Accumulated Due to Chp 11 Case		
29 Professional Fees Paid for Services in Connection with Chp 11 Case		
30 U.S. Trustee Quarterly Fees		
31		
32 Net Cash Provided (Used) by Reorganization Items	\$0	\$0
33 Net Cash Provided (Used) for Operating Activities and Reorganization Items	\$0	\$0
Cash Flows From Investing Activities		
34 Capital Expenditures		
35 Proceeds from Sales of Capital Goods due to Chp 11 Case		
36		
37 Net Cash Provided (Used) by Investing Activities	\$0	\$0
Cash Flows From Financing Activities		
38 Net Borrowings (Except Insiders)		
39 Net Borrowings from Shareholders, Partners, or Other Insiders		
40 Capital Contributions		
41 Principal Payments		
42		
43 Net Cash Provided (Used) by Financing Activities	\$0	\$0
44 Net Increase (Decrease) in Cash and Cash Equivalents	\$0	\$0
45 Cash and Cash Equivalents at Beginning of Month		
46 Cash and Cash Equivalents at End of Month	\$0	\$0